

APRIL/MAY 2024

**GCM23/DCM23/DCP22 — ADVANCED
CORPORATE ACCOUNTING**

Time : Three hours

Maximum : 75 marks



SECTION A — (10 × 2 = 20 marks),

Answer ALL questions.

Explain the term Non-banking assets.

2. Define banking.
3. Explain the principle of subrogation.
4. Define Letter of Credit.
5. Explain – SLR.
6. Short note on slip system.
7. Define - Insurance.
8. Explain Type of Insurance.
9. What are the accounts included in the final accounts of Insurance?
10. What is Re-Insurance?

SECTION B — (5 × 5 = 25 marks)

Answer ALL questions.

1. (a) On 31st March 1998, Bharath Commercial Bank Ltd. Finds its advances classified as follows

	(Rs.)
Standard assets	14,91,300
Sub-Standard assets	92,800
Doubtful assets	
Doubtful for 1 year	25,660
Doubtful for 1 year to 3 years	15,640
Doubtful for more than 3 years	6,580
Loss assets	10,350

Calculate the amount of provision to be made by the bank against the above mentioned advances.

Or

- (b) The Trial balance of Nedungadi Bank LTD. As on 30th June 1984 shows the following balances.

Interest and Discount	:	45,40,600
Rebate on Bills discounted	:	4,750
Bills discounted and purchased	:	3,37,400

The unexpired discount as on 30.6.84 to be Rs.5560. Draft necessary adjusting entries and calculate the amount of interest and discount to be credited to Profit and Loss Account.

18. On 31st March 1996, the balance sheets of H Ltd and its subsidiary S Ltd stood as follows

Liabilities	H Ltd	S Ltd	Assets	H Ltd	S Ltd
Equity share capital	8,00,000	2,00,000	Fixed Assets	5,50,000	1,00,000
General Reserve	1,50,000	70,000	75% shares in S Ltd.(at cost)	2,80,000	—
P and L account	90,000	55,000	Stock	1,05,000	1,77,000
Creditors	1,20,000	80,000	Other current assets	2,25,000	1,28,000
	<u>11,60,000</u>	<u>4,05,000</u>		<u>11,60,000</u>	<u>4,05,000</u>

Draw a consolidated Balance sheet as at 31st March 1996, after taking into consideration of the following information.

- (a) H Ltd acquired the shares on 31st July, 1996
 (b) S Ltd earned profit of Rs.45,000 for the year ended 31st March 1996.
 (c) In January 1996, S Ltd sold H Ltd goods costing Rs.15,000 for Rs.20,000. On 31st March 1996, half of these goods were lying as unsold in the godown of H Ltd.

Give your working notes

19. What is inflation accounting and elucidate its needs in the present scenario?
 20. Describe the different approaches of HRA.

SECTION C — (3 × 10 = 30 marks)

Answer any THREE questions.

16. From the following particulars, prepare a profit and loss account of New Bank Ltd, for the year ended 31.12.96

	Rs (000)		Rs (000)
Interest on loans	260	Interest on cash credits	225
Interest on fixed deposit	280	Rent and taxes	30
Rebate on bills discounted	50	Interest on overdrafts	56
Commission charged to customers	9	Directors and auditors fees	4
Establishment expenses	56	Interest on savings bank accounts	70
Discount on bills discounted	200	Postage and telegram	2
Interest on current accounts	45	Sundry charges	2
Printing and advertisements	3		

17. A life insurance Company gets its valuation made once in every two years. Its Life assurance fund 31.3.06 amounted to Rs.63,84,000 before providing Rs.64,000 for the shareholders dividend for the year 2005-06. Its actuarial valuation due on 31.3.06 disclosed a net liability of Rs.60,80,000 under assurance annuity contract. An interim bonus of Rs.80,000 was paid to the policy holders during the 2 years ending 31.3.2006

Prepare a statement showing the amount now available as bonus to policy holders.

12. (a) The Life Fund of a life insurance company on 31.3.2006 showed a balance of Rs. 54,00,000 . However the following items were not taken in to account while preparing the Revenue A/c for 2005-06. Ascertain the correct life fund balance

	Rs.
(i) Interest and Dividends : accrued on investments	20,000
(ii) Income Tax deducted at : source on the above	6,000
(iii) Reinsurance claims : recoverable	7,000
(iv) Commission due on : reinsurance premium paid	10,000
(v) Bonus in reduction of : premium	3,000

Or

- (b) A life insurance company prepared its Revenue A/c for the year ended 31.3.2006 and ascertained its life assurance fund to be Rs.28,35,000. It was found later that the following had been omitted from the accounts.

- (i) Interest accrued on investments Rs.39,000, income tax liable to be deducted thereon is estimated to be 10500
- (ii) Outstanding Premiums Rs.32,800



- (iii) Bonus utilised for reduction of premium Rs.6,750
- (iv) Claims intimated but not admitted Rs.17,400
- (v) Claims covered under reinsurance Rs.6,500

What is true life assurance fund.

13. (a) The following are the liabilities and assets of the holding company P Ltd. and its subsidiary Q Ltd. as on 31st December 2014. P Ltd. acquired 12000 shares in Q Ltd on 31st December 2014. Prepare the Consolidated Balance Sheet.

Liabilities	P Ltd	Q Ltd	Assets	P Ltd	Q Ltd
	(Rs)	(Rs)		(Rs)	(Rs)
Share Capital :			Sundry Assets	48,000	24,000
Shares of Re. 1 each	36,000	15,000	Investments:		
Sundry Liabilities	24,000	9,000	12,000 shares in Q Ltd.	12,000	
	<u>60,000</u>	<u>24,000</u>		<u>60,000</u>	<u>24,000</u>

Or

- (b) List out the advantages of holding companies.

14. (a) Write down the advantages of Accounting for Price Level Change.

Or

- (b) A real estate company started with a capital of Rs.50,00,000 which was invested in urban land on 1-1-90. On that date the general price index was 100 and specific price index for land was 200. The company had no other transactions and it sold the land on 1.1.95 on which date the general price index was 180 and specific price index for land was 420. The sale price of the land was 1,80,00,000

You are required to ascertain profit under

- (i) Historical Cost
- (ii) CCA Method
- (iii) CPP method

15. (a) Explain the Limitations of Human Resource Accounting.

Or

- (b) Explain the Features of HR Accounting.

